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Bill would increase health insurance cost for many Alabama teachers, public employees

Lawmaker says plan may ease layoffs

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MONTGOMERY - Many teachers and other public employees in Alabama would pay more for health insurance under a bill filed by a state lawmaker, though their premiums still would be less than national averages.

Rep. Jamie Ison, R-Mobile, said she proposed her plan because the cost to taxpayers of providing insurance for Alabama's public employees and retirees has jumped almost \$800 million since 1999. She said the rate of increase is unsustainable.

Ison also said making active employees pay more for insurance would ease the threat of layoffs next year, a threat caused by declining tax collections in the recession. ``It's got to be addressed. It seems to me that now is the time, when we're facing such a crisis," Ison said.

Teachers and other public school employees who don't smoke now pay premiums of \$2 per month for single coverage and \$134 per month for family coverage. Those monthly premiums would rise to \$25 for single coverage and \$159 for family coverage starting Oct. 1, under Ison's proposed law. Smokers pay an extra \$23 per month for single or family coverage, and her bill wouldn't change that.

State agency employees who don't smoke now pay nothing in premiums for single coverage and \$180 per month for family coverage. Those monthly premiums would rise to \$25 for single coverage and remain at \$180 per month for family coverage starting Oct. 1.

Smokers pay an extra \$25 per month and Ison's bill would not change that.

Nationwide, employees who had health insurance last year paid an average of \$60.08 per month for single coverage and \$279.50 per month for family coverage, according to The Kaiser Family Foundation in Menlo Park, Calif., and the Health Research & Educational Trust, an affiliate of the American Hospital Association.

Rep. Mike Hubbard, R-Auburn, who chairs the state Republican Party, said premium increases are justified. ``We're still talking about a low amount of money for a premium," Hubbard said. ``It's simply not fair for the employees to pay such a small amount and for the taxpayers of Alabama to be responsible for the remainder."

Ison said lawmakers should make public employees pay more for insurance to help slow the rising cost to the state of providing health insurance for about 212,500 employees and retirees of state agencies, public schools and colleges.

The state is budgeted to spend \$1.25 billion to provide health insurance through the Public Education Employees' Health Insurance Plan and State Employees' Insurance Board in this fiscal year, which started Oct. 1. That's an increase of \$797 million, or 178 percent, since fiscal 1999, when the state paid \$449 million to the insurance boards.

``Those are pretty phenomenal increases," Ison said. We can't keep going at that rate. There's absolutely

no way that we can sustain that."

Her bill would not affect rates set for people who now are retired, but would raise premiums on people who retired after Oct. 1 if and when they got increases in their pensions.

Paul Hubbert, executive secretary of the Alabama Education Association teacher's lobby, and Mac McArthur, executive director of the Alabama State Employees Association, oppose Ison's plan, which is House Bill 569.

Both men said raising health insurance premiums starting in the next fiscal year, a year in which public employees won't get cost-of-living raises, would in effect cut their pay.

"Cutting back state employees' pay would be the wrong thing, the wrong signal at the wrong time," McArthur said.

But Hubbard, a co-sponsor of Ison's bill, said many employees in the private sector must pay higher insurance premiums in hard times, and public employees shouldn't be immune.

"What do you think is happening to people in the private sector who are out there paying taxes to make all this work?" Hubbard asked. "People are losing their jobs. Their insurance is going up. Their salaries are getting cut."

Rep. Richard Lindsey, D-Centre, who chairs the Education Appropriations Committee of the state House of Representatives, said Ison's bill is not now one of his priorities. Lindsey could put Ison's plan on the committee's agenda or let it die without debate.

Lindsey noted that the two state insurance boards already can raise premiums, and said he would expect them to do that, cut benefits or take other steps if the state some day were unable to afford the rising cost of health coverage for public employees and retirees.

All told, Ison's bill would make public employees pay an extra \$47.5 million a year for health insurance, estimates the Legislative Fiscal Office.

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